(b) if so, State-wise and amount-wise taxes proposed to be levied during March, 2003 right from the sale of cotton to manufacturing readymade garments;

(c) whether certain representatives had urged Government to reduce these taxes; and

(d) if so, the decisions taken by Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRI BASANAGOUDA R. PATIL) : (a) Yes, Sir.

(b) CENVAT is leviabel on various pure cotton textile items as under :—

— Raw/ginned cotton—Nil

— Cotton yarn both in cone and hank (plain reel and cross reel) form—8% (Basic)

— Cotton knit fabrics and knitwears—8%

— Cotton woven fabrics, woven garments and made-ups—10%

Besides, the Textiles' Committee Cess is also leviable @ 0.05% on the above mentioned textile items.

(c) and (d) Representations are received from time to time from various segments of the industry for rationalization/reduction in CENVAT rates. Appropriate decisions on the suggestions made in the representations are taken keeping in view the larger interests of the industry, consumers, etc. In the Budget 2003-04, CENVAT rates in textiles across the board were reduced.

Reduction of cost of production in cotton textile industry

†3550. SHRI LAJPAT RAI :
SHRI RAM JETHMALANI :

Will the Minister of TEXTILES be pleased to state :

(a) whether it is a fact that there is a need to cut down the cost of production in the cotton textiles industry of the country in order to make it efficient for successful competition in the international market;

†Original notice of the question was received in Hindi.

(b) if so, whether it is also a fact that Government had conducted a study in this regard and found that still there is a possibility of reduction of the cost of production in textile industry; and

(c) if so, the steps required to be taken for reduction in the cost of production?

THE MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRI BASANAGOUDA R. PATIL) : (a) In order to remain competitive in international market it is desirable to utilize all resources optimally and reduce production costs without compromising the quality. Production cost of any industry including textile industry fluctuates in tandem with general inflation rate in the economy having a bearing on the cost of its inputs. Production cost also varies from unit to unit of the same industry depending on the management decisions.

(b) The Government had approved a proposal of the Cotton Textile Exports Promotion Council (TEXPROCIL) for conducting a study on "Benchmarking of Costs of Production of Textiles in India *vis-a-vis* China, Pakistan, Indonesia, Bangladesh and Sri Lanka" though Zurich based professional consultancy from Gherzi Textile Organisation. The main findings of the study include :—

- India's very low productivity (yield per hectare) results in higher cost of raw cotton.
- Power cost plays an important role more due to the factor cost, in the manufacturing cost of cotton textiles.
- Inadequate investment across the value chain restricting growth of technologically upgraded capacity and the quality of out-put of the cotton textile industry, possible due to relative high cost of capital.
- If the current scenario continues, industry's present market share in the global market may shrink and may lead to adversely impact the domestic market.

It is for the individual units to explore the possibilities for decreasing the cost of production by adopting various measures in order to remain competitive in the international market.

(c) Measures taken by the government to improve competitiveness of Indian textile industry include :—

- Technology misson on Cotton launched to improve the productivity of cotton,
- Technology Upgradation Fund Scheme (TUFS) introduced to facilitate availability of capital for projects of modernisation and upgradation of textile sector at competitive rates,
- Accelerated depreciation for the machinery acquired with TUFS benefits,
- Stand alone power plants have been included under TUFS,
- Rationalisation of DEPB rates for certain textile products, and
- Rationalization of duty structure in the textile sector.

Participation of Workers in the Management of NTC Mills

†3551. SHRI ABHAY KANT PRASAD : Will the Minister of TEXTILES be pleased to state :

(a) whether functioning of textiles mills under National Textile Corporation has improved due to participation of workers;

(b) if so, number of mills having participation of workers in their management;

(c) whether Government propose to introduce participation of workers in all the mills under National Textile Corporation;

(d) whether there is any participation of workers at the level of Board of Directors of National Textile Corporation;

(e) if so, the details thereof; and

(f) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRI BASANAGOUDA R. PATIL) : (a) to (c) Mill-level joint committees of workers and management were constituted in most of the NTC Mills in 1985 excepting where trade unions were reluctant to nominate their representatives. These committees are meant to discuss matters regarding increasing utilisation, reduction in cost, energy conservation etc. There is however, no proposal in the rehabilitation schemes sanctioned by BIFR for participation of workers in management.

†Original notice of the question was received in Hindi.